

**MINING FINANCE / INVESTMENT**

PREDOMINANT THEMES CHINESE LINKED

**World's hottest 100 mining stocks - A mixed bag, with steely muscle**

*When the going gets serious, these are the mining names that pump cash and deliver the goods . . . for investors.*

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JOHANNESBURG -

The MSCI world equities USD index is around 12-month highs, but far off its record levels seen in October 2007; the Dow Jones Industrial is also at 12-month highs; the bluefin tuna is about to go extinct in the Mediterranean, but Greece is clawing its way back; dollar gold bullion is about to go into its fourth month of churning and grinding sideways; the dollar index is around its best levels since May 2009, and BHP Billiton, the world's biggest diversified resources group this week made record all time highs in London (but not yet in Australia, and the US, which says a lot about movements among currencies).

The continued ascendancy of mining stocks characterised by management excellence does not present a general case; just as important is the exposure to specific metals and commodities. Alcoa, for years the automatic proxy stock in the US for mining in general, ranked as the world's biggest mining stock, by value, just five years ago; today it's down to around 30th.

Today, the predominant themes leading global mining stocks forward are Chinese-linked, and more specifically the theme of which materials the world's economic epicenter ranks as a net importer. That happened earlier this decade in iron ore (where China has long been and remains the biggest miner), and last year in coal (where China has long been and remains the biggest miner).

When China changes to a net importer of a specific raw material, and lacks secondary competitive advantages as seen in aluminium, miners in that area get to making serious money. Measured on rolling 12-month stock prices, iron ore names of practically all kinds are on a rip. Coal stocks across the world are also in heavy demand, especially miners and producers of coking coal, a more expensive material that is crucial to the steelmaking process.

**GLOBAL LISTED RESOURCES STOCKS**

*Ranked on 12-month rolling stock prices*

|                                 | IMC*   | Stock  |
|---------------------------------|--------|--------|
|                                 | USD bn | sample |
| Tier II iron ore stocks**       | 138.4  | 19     |
| Nickel stocks                   | 42.9   | 43     |
| Diamond stocks                  | 3.2    | 40     |
| Iron ore stocks                 | 296.5  | 94     |
| Tier I coal stocks (non-Asia)** | 82.1   | 30     |
| Tier I iron ore stocks**        | 168.0  | 3      |
| Copper stocks                   | 143.2  | 101    |
| Aluminium stocks                | 507.9  | 29     |
| Zinc stocks                     | 41.3   | 2      |
| Mining majors**                 | 1035.9 | 20     |
| Silver stocks                   | 26.3   | 44     |
| Platinum stocks                 | 69.0   | 51     |
| Tier II gold stocks**           | 70.6   | 18     |
| Coal stocks                     | 654.3  | 96     |
| Tier I platinum stocks**        | 48.9   | 3      |
| Tin stocks                      | 3.8    | 12     |
| Molybdenum stocks               | 15.8   | 20     |
| Potash producers                | 110.4  | 12     |
| Tier I coal stocks (Asia)**     | 163.5  | 20     |
| Gold stocks                     | 306.4  | 247    |
| Silver ETFs                     | 5.6    | 3      |
| Tier I gold stocks**            | 194.0  | 13     |
| Oil stocks                      | 2212.0 | 47     |
| Gold ETFs                       | 44.6   | 9      |
| Uranium stocks                  | 31.9   | 117    |
| Uranium producer stocks**       | 23.1   | 4      |
| Oil sand stocks                 | 61.4   | 15     |
| TOTALS                          | 4526.2 | 970    |

\* Investable market capitalization

\*\* IMC counted in other sub-sectors

Source: Analysis by Barry Sergeant

Note: All samplings are operating companies, with the exception of ETFs

There are other mining sub-sectors that are clawing back to some kind of respectability, not least diamonds, a relatively tiny global sector. Here, the explanation has more to do with how relatively more certain sub-sectors collapsed during the second half of 2008, in the wake of Wall Street's hellfroth. Diamond miners fell the hardest, and have recovered relatively among the best over the past 12-months.

Gold stocks fell relatively the least, in line with dollar gold bullion falling less hard than any other metal or commodity. This has left gold stocks generally with a negative dribble, especially since early December 2009, when dollar gold prices touched nominal record levels just above USD 1,200.00 an ounce. In contrast to listed gold stocks, a number of silver names, led by London-listed Fresnillo, have been in repair mode since early in February. This may be a positive indicator for the forward move of gold stock pricing, but for now, where listed gold names pop up as being in heavy demand, it's inevitably on speculative drivers, not least anticipated or declared merger and activity action, which has been on the rise in the past few months.

#### WORLD'S MOST WANTED MINING STOCKS

|                                      | Stock price   | From high* | From low* | Value USD bn |
|--------------------------------------|---------------|------------|-----------|--------------|
| <a href="#">Wescoal</a>              | ZAR 1.10      | 0.9%       | 83.3%     | 0.022        |
| <a href="#">Raspadskaya</a>          | USD 7.09      | 0.6%       | 674.9%    | 5.536        |
| <a href="#">Belon</a>                | USD 0.88      | 0.0%       | 483.3%    | 1.006        |
| <a href="#">Altona Energy</a>        | GBP 0.15      | 0.0%       | 408.8%    | 0.081        |
| <a href="#">Castle Minerals</a>      | AUD 0.43      | 0.0%       | 352.6%    | 0.032        |
| <a href="#">Tribune Resources</a>    | AUD 1.03      | 0.0%       | 56.1%     | 0.047        |
| <a href="#">Molybmet</a>             | CLP 7,550     | 0.0%       | 12.2%     | 1.624        |
| <a href="#">Virginia Mines</a>       | CAD 6.24      | -0.3%      | 82.5%     | 0.181        |
| <a href="#">Sphere Investments</a>   | AUD 1.85      | -0.5%      | 670.8%    | 0.253        |
| <a href="#">Acron</a>                | USD 39.00     | -0.6%      | 160.0%    | 1.860        |
| <a href="#">Indo Tambangraya</a>     | IDR 38,500.00 | -0.6%      | 294.9%    | 4.770        |
| <a href="#">Silvinit</a>             | USD 407.20    | -0.7%      | 206.2%    | 7.115        |
| <a href="#">BHP Billiton</a>         | GBP 22.50     | -0.7%      | 76.5%     | 205.734      |
| <a href="#">Palamin</a>              | ZAR 122.00    | -0.8%      | 165.2%    | 0.794        |
| <a href="#">Norilsk</a>              | USD 17.46     | -0.9%      | 198.5%    | 33.284       |
| <a href="#">Hindalco</a>             | INR 178.65    | -1.0%      | 264.2%    | 7.556        |
| <a href="#">Talvivaara Mining</a>    | GBP 4.49      | -1.0%      | 135.0%    | 1.636        |
| <a href="#">Riverstone Resources</a> | CAD 0.99      | -1.0%      | 607.1%    | 0.070        |
| <a href="#">Labrador Iron</a>        | CAD 51.46     | -1.2%      | 105.4%    | 1.606        |
| <a href="#">Rio Tinto</a>            | GBP 38.68     | -1.3%      | 120.5%    | 135.272      |
| <a href="#">Assore</a>               | ZAR 770.00    | -1.3%      | 92.5%     | 2.893        |
| <a href="#">Philex Gold</a>          | CAD 0.72      | -1.4%      | 380.0%    | 0.029        |
| <a href="#">Chariot</a>              | CAD 0.65      | -1.5%      | 261.1%    | 0.231        |
| <a href="#">Penn Virginia</a>        | USD 24.49     | -1.8%      | 127.8%    | 1.269        |
| <a href="#">Exxaro</a>               | ZAR 125.98    | -1.8%      | 104.9%    | 6.056        |
| <a href="#">Sesa Goa</a>             | INR 455.40    | -1.8%      | 409.1%    | 8.280        |
| <a href="#">Giralia</a>              | AUD 2.06      | -1.9%      | 475.4%    | 0.333        |
| <a href="#">Americas Petrogas</a>    | CAD 0.95      | -2.1%      | 578.6%    | 0.096        |
| <a href="#">Premier Gold</a>         | CAD 4.20      | -2.1%      | 122.2%    | 0.379        |
| <a href="#">Nordic Aluminium</a>     | EUR 20.54     | -2.2%      | 95.6%     | 0.133        |
| <a href="#">Avocet Mining</a>        | GBP 1.23      | -2.2%      | 91.4%     | 0.354        |
| <a href="#">Riversdale Mining</a>    | AUD 8.90      | -2.3%      | 162.5%    | 1.595        |
| <a href="#">Kazakhmys</a>            | GBP 15.24     | -2.5%      | 368.2%    | 12.129       |
| <a href="#">ENRC</a>                 | GBP 11.94     | -2.5%      | 191.4%    | 22.863       |
| <a href="#">Obtala</a>               | GBP 0.28      | -2.6%      | 156.8%    | 0.081        |
| <a href="#">African Barrick</a>      | GBP 5.93      | -2.6%      | 8.0%      | 3.565        |
| <a href="#">Brett Resources</a>      | CAD 2.93      | -2.7%      | 463.5%    | 0.263        |

|   |               |       |         |         |
|---|---------------|-------|---------|---------|
| <a href="#">Excellon</a>                  | CAD 1.05      | -2.8% | 337.5%  | 0.247   |
| <a href="#">Ferrexpo</a>                  | GBP 3.54      | -2.9% | 568.5%  | 3.101   |
| <a href="#">Terra Industries</a>          | USD 45.60     | -2.9% | 134.2%  | 4.565   |
| <a href="#">Highland</a>                  | GBP 1.25      | -2.9% | 237.8%  | 0.604   |
| <a href="#">Cons.Thompson</a>             | CAD 8.94      | -2.9% | 315.8%  | 2.008   |
| <a href="#">Merafe</a>                    | ZAR 1.65      | -2.9% | 166.1%  | 0.546   |
| <a href="#">Mount Gibson Iron</a>         | AUD 1.82      | -2.9% | 307.9%  | 1.774   |
| <a href="#">Shakhta Komsomolets</a>       | UAH 8.15      | -3.0% | 676.2%  | 0.345   |
| <a href="#">Red Rock</a>                  | GBP 0.02      | -3.2% | 167.6%  | 0.019   |
| <a href="#">Centennial Coal</a>           | AUD 4.10      | -3.3% | 145.5%  | 1.464   |
| <a href="#">Medusa</a>                    | AUD 3.91      | -3.5% | 200.8%  | 0.605   |
| <a href="#">MAG Silver</a>                | CAD 7.96      | -3.5% | 64.1%   | 0.387   |
| <a href="#">Vimetco</a>                   | USD 2.69      | -3.6% | 1245.0% | 0.590   |
| <a href="#">Usiminas</a>                  | BRL 56.72     | -3.6% | 122.5%  | 7.877   |
| <a href="#">Severstal</a>                 | USD 12.87     | -3.6% | 295.8%  | 12.964  |
| <a href="#">Vale</a>                      | USD 30.79     | -3.7% | 138.5%  | 162.840 |
| <a href="#">Antofagasta</a>               | GBP 10.15     | -3.7% | 125.2%  | 14.879  |
| <a href="#">Chaarat Gold</a>              | GBP 0.59      | -3.7% | 317.9%  | 0.098   |
| <a href="#">Korab</a>                     | AUD 0.39      | -3.7% | 786.4%  | 0.028   |
| <a href="#">Mechel</a>                    | USD 27.13     | -3.8% | 612.1%  | 11.293  |
| <a href="#">Petmin</a>                    | ZAR 2.48      | -3.9% | 77.1%   | 0.187   |
| <a href="#">CSN</a>                       | USD 37.74     | -3.9% | 168.0%  | 28.500  |
| <a href="#">Nyota Minerals</a>            | GBP 0.12      | -3.9% | 172.2%  | 0.047   |
| <a href="#">Eaglecrest</a>                | CAD 0.72      | -4.0% | 105.7%  | 0.032   |
| <a href="#">Azumah Resources</a>          | AUD 0.36      | -4.1% | 298.9%  | 0.060   |
| <a href="#">Teck</a>                      | USD 40.14     | -4.2% | 673.4%  | 23.272  |
| <a href="#">Detour Gold</a>               | CAD 18.50     | -4.3% | 123.2%  | 1.252   |
| <a href="#">Tambang Batubara</a>          | IDR 17,800.00 | -4.3% | 165.7%  | 4.497   |
| <a href="#">Compass Minerals</a>          | USD 79.08     | -4.3% | 73.3%   | 2.583   |
| <a href="#">Jinshan</a>                   | CAD 4.65      | -4.3% | 777.4%  | 0.760   |
| <a href="#">Dioro Exploration</a>         | AUD 1.27      | -4.5% | 279.1%  | 0.078   |
| <a href="#">Western Plains</a>            | AUD 0.84      | -4.5% | 380.0%  | 0.081   |
| <a href="#">Regis Resources</a>           | AUD 1.02      | -4.7% | 225.9%  | 0.348   |
| <a href="#">New Hope</a>                  | AUD 4.97      | -4.7% | 55.9%   | 3.731   |
| <a href="#">Semafo</a>                    | CAD 5.43      | -4.7% | 215.7%  | 1.329   |
| <a href="#">BC Iron</a>                   | AUD 1.41      | -4.8% | 227.5%  | 0.107   |
| <a href="#">IGE</a>                       | NOK 0.76      | -5.0% | 230.4%  | 0.100   |
| <a href="#">Leyshon Resources</a>         | AUD 0.19      | -5.0% | 192.3%  | 0.037   |
| <a href="#">S. Métallurgique d'Imiter</a> | MAD 1,045.00  | -5.0% | 82.1%   | 2.065   |
| <a href="#">Orko Silver</a>               | CAD 1.50      | -5.1% | 163.2%  | 0.168   |
| <a href="#">Agrium</a>                    | USD 70.10     | -5.1% | 101.9%  | 11.023  |
| <a href="#">Natural Resource Partners</a> | USD 26.14     | -5.2% | 53.8%   | 1.815   |
| <a href="#">CBH Resources</a>             | AUD 0.18      | -5.3% | 386.5%  | 0.179   |
| <a href="#">Dios Exploration</a>          | CAD 0.36      | -5.3% | 317.6%  | 0.012   |
| <a href="#">Great Northern</a>            | USD 98.34     | -5.4% | 32.5%   | 0.148   |
| <a href="#">Allied Nevada</a>             | CAD 16.05     | -5.5% | 169.3%  | 0.897   |
| <a href="#">Walter Industries</a>         | USD 88.73     | -5.6% | 312.7%  | 4.729   |
| <a href="#">Minera Andes</a>              | CAD 0.99      | -5.7% | 73.7%   | 0.254   |
| <a href="#">Aluar Alumino</a>             | ARS 3.76      | -5.8% | 169.3%  | 1.070   |
| <a href="#">Northland Resources</a>       | CAD 2.45      | -5.8% | 544.7%  | 0.264   |
| <a href="#">Gloucester Coal</a>           | AUD 9.75      | -5.8% | 115.7%  | 0.117   |
| <a href="#">St Andrew Goldfields</a>      | CAD 0.80      | -5.9% | 300.0%  | 0.255   |

|                            |            |       |        |         |
|----------------------------|------------|-------|--------|---------|
| <u>Cliffs Natural</u>      | USD 69.03  | -5.9% | 335.0% | 9.335   |
| <u>Osisko</u>              | CAD 8.68   | -6.1% | 76.8%  | 2.849   |
| <u>Jiangsu Chengxing</u>   | CNY 10.38  | -6.1% | 70.2%  | 6.137   |
| <u>Anglo American</u>      | GBP 27.82  | -6.1% | 158.1% | 54.459  |
| <u>Aurox Resources</u>     | AUD 0.76   | -6.2% | 590.9% | 0.133   |
| <u>Sundiro</u>             | CNY 8.04   | -6.2% | 66.8%  | 0.867   |
| <u>KGHM Polska Miedź</u>   | PLN 104.50 | -6.2% | 144.7% | 7.209   |
| <u>Centaurus Resources</u> | AUD 0.09   | -6.3% | 233.3% | 0.049   |
| <u>London Mining</u>       | NOK 24.00  | -6.3% | 155.3% | 0.435   |
| <u>Eramet</u>              | EUR 255.25 | -6.3% | 66.3%  | 9.014   |
| <u>Atlas Iron</u>          | AUD 2.39   | -6.3% | 107.8% | 0.970   |
| <i>Averages/total</i>      |            | -3.3% | 254.8% | 876.721 |
| <i>Weighted averages</i>   |            | -2.6% | 131.7% |         |

Source: market data; table compiled by Barry Sergeant